



**OFFICE OF AUDITOR OF STATE  
STATE OF IOWA**

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**NEWS RELEASE**

FOR RELEASE

\_\_\_\_\_ March 13, 2007 \_\_\_\_\_

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released an audit report on Dallas County, Iowa.

The County had local tax revenue of \$87,627,841 for the year ended June 30, 2006, which included \$2,152,143 in tax credits from the state. The County forwarded \$74,794,257 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$12,833,584 of the local tax revenue to finance County operations, a 1.2 percent increase over the prior year. Other revenues included charges for service of \$6,178,355, operating grants, contributions and restricted interest of \$5,779,154, capital grants, contributions and restricted interest of \$1,531,531, unrestricted investment earnings of \$571,528 and other general revenues of \$148,782.

Expenses for County operations totaled \$24,548,462, a 5.3 percent increase over the prior year. Expenses included \$6,348,803 for roads and transportation, \$5,467,357 for public safety and legal services and \$4,103,759 for mental health.

A copy of the audit report is available for review in the County Auditor's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

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**DALLAS COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2006**

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**Dallas County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Kim Chapman	Board of Supervisors	Jan 2007
Brad Golightly	Board of Supervisors	Jan 2007
Mark Hanson	Board of Supervisors	Jan 2009
Gene Krumm	County Auditor	Jan 2009
Darrell Bauman	County Treasurer	Jan 2007
Carol Hol	County Recorder	Jan 2007
Brian Gilbert	County Sheriff	(Resigned Oct 2006)
Wayne M. Reisetter	County Attorney	Jan 2007
Steve Helm	County Assessor	Jan 2010

**Dallas County**



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Independent Auditor's Report

To the Officials of Dallas County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Dallas County, Iowa, as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Dallas County's management. Our responsibility is to express opinions on these financial statements based on our audit.

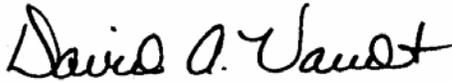
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Dallas County at June 30, 2006, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated December 12, 2006 on our consideration of Dallas County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 14 and 50 through 53 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dallas County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2005 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

December 12, 2006

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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This discussion and analysis of Dallas County's financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2006. We encourage readers to consider this information in conjunction with the County's financial statements which follow.

### 2006 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental funds increased 1.02%, or approximately \$274,000 from fiscal 2005 to fiscal 2006, compared to a 5.05% increase from fiscal 2004 to fiscal 2005.
- The County's expenses increased by 5.28%, or approximately \$1.2 million, from fiscal 2005 to fiscal 2006, compared to 3.49% from fiscal 2004 to fiscal 2005.
- The County's net assets increased 5.99%, or approximately \$2.5 million, from June 30, 2005 to June 30, 2006, compared to a 9.04% increase from June 30, 2004 to June 30, 2005.
- The governmental funds ending fund balances changed from \$11,153,757 at the end of fiscal year 2005 to \$18,484,116 at the end of fiscal year 2006. The increase is primarily due to the \$7.171 million in unspent bond proceeds in the Capital Projects Fund to be used to complete the Courthouse Renovation Project.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this report has four components: management's discussion and analysis (this section), the basic financial statements, required supplementary information and other supplementary information. Dallas County's financial statements present two kinds of statements, each with a different snapshot of the County's finances. The focus is on both the County as a whole (government-wide) and the fund financial statements, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities which provide both long-term and short-term information about the County's overall financial status.

Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. The fund financial statements, which have been provided in the past, focus on the individual parts of Dallas County government, reporting the County's operations in more detail than the government-wide financial statements. The remaining statements provide financial information about activities for which Dallas County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Both perspectives (government-wide and fund) allow the user to address relevant questions to broaden the basis of comparison (year to year, government to government) and enhance Dallas County's accountability.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor Special Revenue Funds, the Debt Service Fund and the Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

## **REPORTING DALLAS COUNTY AS A WHOLE**

### *Government-wide Financial Statements*

One of the most important questions asked about Dallas County's finances is, "Is Dallas County as a whole better off or worse off as a result of the year's activities?" The government-wide financial statements report information about Dallas County as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The government-wide statements consist of two financial statements:

- Statement of Net Assets
- Statement of Activities

The Statement of Net Assets presents all of Dallas County's assets and liabilities, with the difference between the two reported as "net assets". Readers can consider the County's net assets as one way to measure Dallas County's financial health or financial position. Over time, increases or decreases in the County's net assets are one indication of whether its financial health is improving or deteriorating. The reader will also need to consider non-financial factors, such as changes in Dallas County's property tax base, the condition of its roads and the condition of its other assets, to assess the overall health of Dallas County.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

### *Fund Financial Statements*

Traditional users of government financial statements will find the fund financial statement presentation more familiar. The fund financial statements provide detailed information about the most significant funds, not Dallas County as a whole. Funds are accounting devices Dallas County uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law and by bond covenants. Dallas County establishes other funds to help it control and manage money for particular purposes or to show it is meeting legal responsibilities for using certain taxes, grants and other revenue.

Dallas County has three kinds of funds:

- Governmental
- Proprietary
- Fiduciary

**Governmental Funds** - Most of Dallas County's basic services are reported in governmental funds. These focus on: (1) how cash and other financial assets that can be readily converted to cash flow into and out of those funds and (2) the balances left at the end of the year for spending. Consequently, the governmental fund financial statements provide a detailed short-term view that helps readers determine whether there are financial resources available to finance Dallas County's basic services in the near future. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information on Exhibits D and F explain the relationship or differences between the two statements. Dallas County's governmental funds include the: General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund. The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

**Proprietary Funds** - Services for which Dallas County charges customers a fee are generally reported as proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information.

Dallas County uses an Internal Service, Employee Group Health Fund to report activities providing services for the County. The county implemented a Professional Services Fund in 2006 to isolate the costs of Human Resources, Central Services, Information Systems and Operations Administration and to allocate those costs to various operating divisions. Internal Service Funds are an accounting device used to accumulate and account costs internally among the County's various functions.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

**Fiduciary Funds** - Dallas County is the trustee, or fiduciary, for assets belonging to others. The County is responsible for ensuring the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. Dallas County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. These funds include: Emergency Management Services, County Assessor, Empowerment and other Agency Funds for collecting and distributing taxes to schools, cities and other taxing authorities.

The required financial statement for Fiduciary Funds is a statement of fiduciary assets and liabilities.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

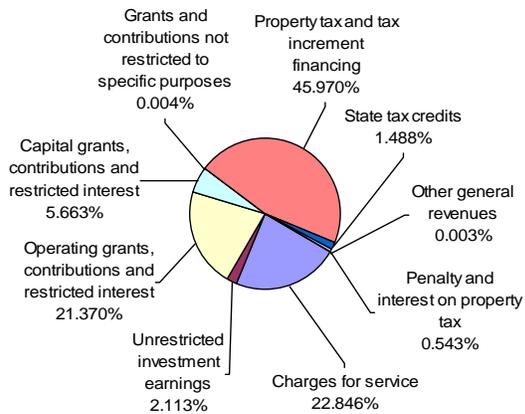
As noted earlier, assets may serve over time as a useful indicator of financial position. Dallas County's combined net assets increased from a year ago, increasing from \$41.6 million to \$44.1 million. The analysis that follows focuses on the changes in the net assets for governmental activities.

Net Assets of Governmental Activities		
	June 30,	
	2006	2005
Current and other assets	\$ 35,458,555	26,514,594
Capital assets	42,646,901	39,624,986
Total assets	78,105,456	66,139,580
Long-term liabilities	17,568,643	9,933,065
Other liabilities	16,410,658	14,574,832
Total liabilities	33,979,301	24,507,897
Net assets:		
Invested in capital assets, net of related debt	33,014,944	30,629,638
Restricted	4,750,382	5,363,812
Unrestricted	6,360,829	5,638,233
Total net assets	\$ 44,126,155	41,631,683

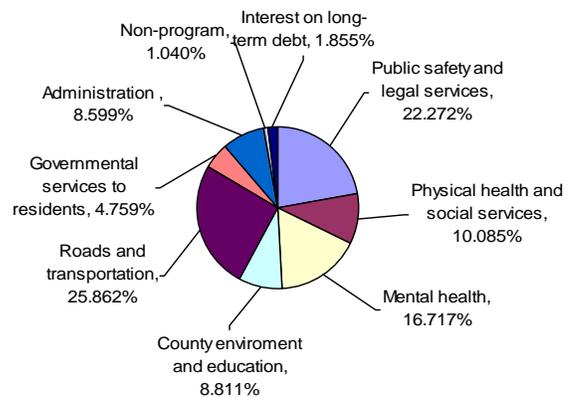
Dallas County's combined net assets (which is the County's bottom line) increased by \$2,494,472. The primary reason for the increase was an increase in capital and current assets of \$11,965,876, offset by an increase in liabilities of \$9,471,404. The largest portion of Dallas County's net assets is invested in capital assets (e.g. land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they may be used. Dallas County's unrestricted net assets, the part of the net assets that can be used to finance day-to-day operations, are \$6,360,829. This represents a \$722,596 increase over fiscal year 2005, or about 13%.

Changes in Net Assets of Governmental Activities		
	Year ended June 30,	
	2006	2005
Revenues:		
Program revenues:		
Charges for service	\$ 6,178,355	4,995,236
Operating grants, contributions and restricted interest	5,779,154	5,725,454
Capital grants, contributions and restricted interest	1,531,531	3,061,616
General revenues:		
Property tax and tax increment financing	12,431,110	12,229,579
Penalty and interest on property tax	146,827	63,641
State tax credits	402,474	455,596
Grants and contributions not restricted to specific purposes	1,192	1,639
Unrestricted investment earnings	571,528	235,676
Other general revenues	763	558
<b>Total revenues</b>	<b>27,042,934</b>	<b>26,768,995</b>
Program expenses:		
Public safety and legal services	5,467,357	4,420,969
Physical health and social services	2,475,758	2,285,548
Mental health	4,103,759	3,996,880
County environment and education	2,162,950	1,701,777
Roads and transportation	6,348,803	5,736,044
Governmental services to residents	1,168,165	917,423
Administration	2,110,871	3,492,794
Non-program	255,337	353,405
Interest on long-term debt	455,462	412,486
<b>Total expenses</b>	<b>24,548,462</b>	<b>23,317,326</b>
Increase in net assets	2,494,472	3,451,669
Net assets beginning of year	41,631,683	38,180,014
Net assets end of year	<b>\$ 44,126,155</b>	<b>41,631,683</b>

**Revenue by Source**



**Expense by Program**



For the fiscal year ended June 30, 2006, governmental activities revenues totaled \$27,042,934, an increase of \$273,939, or 1.02% over fiscal 2005. Property tax revenue, the County's largest revenue source, increased by approximately \$200,000, while capital grants, contributions and restricted interest decreased by approximately \$1,530,000, and charges for services increased \$1,183,119. The expenses for governmental activities totaled \$24,548,462, an increase over fiscal year 2005 of \$1,231,136, or 5.3%.

Dallas County decreased the county-wide property tax levy rates for a third year in a row by \$.48 per \$1,000 of taxable valuation for FY06. The rural services tax levy rate for FY06 remained relatively unchanged from the prior year at \$3.265 per \$1,000 of taxable valuation. The mental health levy also remained unchanged at \$.619 per \$1,000 of taxable valuation. There was a decrease in the debt service levy of \$.02 per \$1,000 of taxable valuation and the general supplemental levy decreased by \$.46 per \$1,000 of taxable valuation. The total county-wide taxable property valuation increased approximately \$156 million over the prior year.

### **MAJOR FUND ANALYSIS AND HIGHLIGHTS**

As Dallas County completed the year, its governmental funds reported a combined fund balance of \$18,484,116, which is higher than the fiscal year 2005 combined fund balance of \$11,153,757.

The General Fund ending fund balance of \$7,261,817 increased approximately \$600,000. Of the ending fund balance, \$1,288,175 is reserved, \$1,314,484 is unreserved/designated for special projects and \$4,659,158 is unreserved/undesignated. The increase in fund balance was primarily due to an excess of revenue over expenditures. The general supplemental levy decreased by \$.46 per \$1,000 of taxable valuation, but the County-wide taxable property valuation increased approximately \$156 million.

The Mental Health Fund's ending balance of (\$8,615) decreased from fiscal year 2005 by \$159,816. The decrease was primarily due to the pay out to Tri-County Community Services. Beginning in fiscal year 2007, Dallas County will operate mental health services in Dallas County only.

The Rural Services Fund ended fiscal year 2006 with a \$261,705 balance, an increase of \$12,963 over the prior year ending balance. The rural services tax levy did not increase for FY 2006.

The Secondary Roads Fund ended fiscal year 2006 with a balance of \$1,727,724, compared to a fiscal year 2005 balance of \$2,343,490. This change is due to drawing down reserves in order to stay up to date with the County's five year construction plan. Of the 2006 ending balance, \$161,500 is unreserved/designated and \$1,556,224 is unreserved/undesignated.

The Capital Projects Fund ended the 2006 year with a balance of \$7,171,046 compared to the 2005 balance of \$17,492. This increase is a result of the unspent bond proceeds on hand for the Courthouse Renovation Project anticipated to be completed in fiscal year 2008.

### **BUDGETARY HIGHLIGHTS**

Over the course of fiscal year 2006, Dallas County amended the operating budget two times. The first amendment was made in October 2005 to finance additional disbursements, including Sheriff, EMS, and Bike Trail grant, clearing of Farm Budget, sale of livestock, bond issue and various designated funds from FY 04-05. The second amendment in May 2006 decreased budgeted disbursements by \$2,882,223, mainly due to a reduction of projected spending for the Courthouse Renovation Project.

Total disbursements for the year were \$26,194,811, which was \$4,170,919 under budgeted disbursements. The major reasons were: public safety and legal services did not purchase budgeted equipment and vehicles of approximately \$670,000, expected administration expenditures of approximately \$920,000 for Board of Supervisors special courthouse projects did not occur and capital projects were less than budgeted by approximately \$1,260,000 due to less than expected cash flow requirements for the Courthouse Renovation Project. Actual net receipts for fiscal year 2006 were \$25,386,761, which was \$1,414,000 more than budgeted, due to in part, an increase in miscellaneous revenues.

Even with the amendments, the County exceeded the budgeted amount in the mental health function for the year ended June 30, 2006. This was primarily due to the payout to Tri-County Community Services employees. The Tri-County Community Services 28E agreement ended as of June 30, 2006.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2006, Dallas County had \$64,015,967 invested in a variety of capital assets, as reflected in Note 6 of the financial statements. This compares to \$59,511,884 for fiscal year 2005 and \$55,641,111 for fiscal 2004. The County's capital assets, net of accumulated depreciation, increased by \$3,021,915, or about 7.6%, over the prior year.

The following are the major additions to capital assets:

- Dallas County completed various capital road projects totaling \$1,392,235.
- Major purchases of machinery and equipment consisted of two motor graders for \$387,212.
- Conservation land acquisitions for \$189,715.
- Construction in progress on the Courthouse Renovation Project of \$2,029,075.

More detailed information about the County's capital assets is presented in Note 6 to the financial statements.

### **Long-Term Debt**

At June 30, 2006, Dallas County had \$16,936,559 in outstanding debt versus \$9,342,033 last year, a net change of \$7,594,526. The net change is a result of the County bond issue of \$9,032,021 and retirement of \$1,715,000 of notes, a decrease in capital leases of \$36,406 and an increase in drainage warrants of \$15,946. The County also added an installment purchase agreement of \$56,100. Article XI, Section 3 of the Constitution of the State of Iowa limits the amount of general obligation debt that counties can issue to 5% of the actual value of all taxable property within the County's corporate limits. Dallas County's outstanding general obligation debt is significantly below its constitutional debt limit. Additional information about the County's long term debt is presented in Note 8 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Dallas County's elected and appointed officials and citizens considered numerous issues when setting the fiscal year 2007 budget and tax rates. In an ongoing effort to maintain County services without raising tax levies, the Dallas County Board of Supervisors is committed to limiting expenditure increases and using any excess fund balances to provide services.

Dallas County is the fastest growing county in Iowa and ranked in the top 10% in the nation for growth. Its population in 2000 was 40,750, compared to 47,846 in 2004, to a present day total of over 50,000. The unemployment rate in Dallas County stands at 2.6% compared to Polk County at 3.4%. Budgeted disbursements for the fiscal year 2007 operating budget are approximately \$33,814,644, as amended January of 2007, an increase of about \$3,448,914 in spending from the prior year appropriations. This is mainly due to the County Courthouse Renovation project. The adopted 2007 budget shows a \$7,546,201 deficit of receipts and other sources as compared to disbursements and other uses. The budget estimates a total ending fund balance of \$11,242,537 at the close of fiscal year 2007.

#### **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Dallas County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Connie Kinnard at the Operations Administration Office, 801 Court Street, Adel, Iowa 50003.

## **Basic Financial Statements**

**Exhibit A**

Dallas County  
Statement of Net Assets  
June 30, 2006

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments	\$ 19,744,415
Receivables:	
Property tax:	
Delinquent	46,633
Succeeding year	14,040,000
Interest and penalty on property tax	85,065
Succeeding year tax increment financing	72,000
Accounts	113,402
Accrued interest	98,419
Drainage assessments:	
Delinquent	9,221
Succeeding year	15,676
Economic development loans	30,061
Due from other governments (net)	692,560
Inventories	284,524
Prepaid insurance	140,060
Capital assets (net of accumulated depreciation)	42,646,901
Deferred charges - unamortized bond issue costs	86,519
	<u>78,105,456</u>
<b>Total assets</b>	<u>78,105,456</u>
<b>Liabilities</b>	
Accounts payable	1,264,102
Accrued interest payable	102,716
Salaries and benefits payable	458,541
Due to other governments	473,299
Deferred revenue:	
Succeeding year property tax	14,040,000
Succeeding year tax increment financing	72,000
Long-term liabilities:	
Portion due or payable within one year:	
Capital lease purchase agreement	33,536
General obligation capital loan notes	580,000
Drainage district warrants payable	47,037
Compensated absences	363,814
Portion due or payable after one year:	
General obligation bonds	9,029,886
General obligation capital loan notes	7,190,000
Installment purchase agreement	56,100
Compensated absences	268,270
	<u>33,979,301</u>
<b>Total liabilities</b>	<u>33,979,301</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	33,014,944
Restricted for:	
Supplemental levy purposes	1,192,306
Secondary roads purposes	1,531,315
Economic development loans	323,069
Debt service	374,122
Other purposes	1,329,570
Unrestricted	6,360,829
	<u>\$ 44,126,155</u>
<b>Total net assets</b>	<u>\$ 44,126,155</u>

See notes to financial statements.

Dallas County  
Statement of Activities  
Year ended June 30, 2006

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 5,467,357	1,482,383	76,989	64,758	(3,843,227)
Physical health and social services	2,475,758	1,066,242	408,590	-	(1,000,926)
Mental health	4,103,759	1,003,407	1,693,381	-	(1,406,971)
County environment and education	2,162,950	273,640	156,121	74,538	(1,658,651)
Roads and transportation	6,348,803	49,001	2,924,562	1,392,235	(1,983,005)
Governmental services to residents	1,168,165	1,429,983	289,379	-	551,197
Administration	2,110,871	474,133	175,852	-	(1,460,886)
Non-program	255,337	399,566	7,488	-	151,717
Interest on long-term debt	455,462	-	46,792	-	(408,670)
<b>Total</b>	<b>\$ 24,548,462</b>	<b>6,178,355</b>	<b>5,779,154</b>	<b>1,531,531</b>	<b>(11,059,422)</b>
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					11,673,498
Debt service					688,456
Tax increment financing					69,156
Penalty and interest on property tax					146,827
State tax credits					402,474
Grants and contributions not restricted to specific purpose					1,192
Unrestricted investment earnings					571,528
Miscellaneous					763
<b>Total general revenues</b>					<b>13,553,894</b>
Change in net assets					2,494,472
Net assets beginning of year					41,631,683
Net assets end of year					<b>\$44,126,155</b>

See notes to financial statements.

Dallas County  
Balance Sheet  
Governmental Funds

June 30, 2006

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Assets</b>				
Cash and pooled investments:				
County Treasurer	\$ 7,267,276	559,691	270,176	1,530,698
Conservation Foundation	-	-	-	-
Receivables:				
Property tax:				
Delinquent	26,594	4,133	13,191	-
Succeeding year	9,509,000	1,478,000	1,911,000	-
Interest and penalty on property tax	85,065	-	-	-
Succeeding year tax increment financing	-	-	-	-
Accounts	52,126	24,057	-	1,529
Accrued interest	85,249	-	-	-
Drainage assessments:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Economic development loans	-	-	-	-
Due from other funds	64	-	-	327
Due from other governments (net of allowance for doubtful ambulance accounts of \$163,679)	411,528	55,694	82	216,488
Inventories	-	-	-	284,524
Prepaid insurance	108,777	1,438	-	29,738
<b>Total assets</b>	<b>\$ 17,545,679</b>	<b>2,123,013</b>	<b>2,194,449</b>	<b>2,063,304</b>

Capital Projects	Nonmajor	Total
7,411,636	2,041,085	19,080,562
-	70,357	70,357
-	2,715	46,633
-	1,142,000	14,040,000
-	-	85,065
-	72,000	72,000
10,670	4,265	92,647
329	10,007	95,585
-	9,221	9,221
-	15,676	15,676
-	30,061	30,061
-	-	391
-	8,768	692,560
-	-	284,524
-	107	140,060
<b>7,422,635</b>	<b>3,406,262</b>	<b>34,755,342</b>

Dallas County  
Balance Sheet  
Governmental Funds

June 30, 2006

<b>Liabilities and Fund Balances</b>	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Liabilities:</b>				
Accounts payable	\$ 191,752	199,379	7,346	220,471
Salaries and benefits payable	303,805	12,380	1,327	109,004
Due to other funds	308	26	19	34
Due to other governments	28,583	437,846	-	6,071
<b>Deferred revenue:</b>				
Succeeding year property tax	9,509,000	1,478,000	1,911,000	-
Succeeding year tax increment financing	-	-	-	-
Other	250,414	3,997	13,052	-
<b>Total liabilities</b>	<b>10,283,862</b>	<b>2,131,628</b>	<b>1,932,744</b>	<b>335,580</b>
<b>Fund balances:</b>				
<b>Reserved for:</b>				
Supplemental levy purposes	1,231,774	-	-	-
Room and board fees	56,401	-	-	-
Drainage projects	-	-	-	-
Debt service	-	-	-	-
<b>Unreserved:</b>				
Designated for special projects	1,314,484	-	-	161,500
<b>Undesignated, reported in:</b>				
General fund	4,659,158	-	-	-
Special revenue funds	-	(8,615)	261,705	1,566,224
Capital projects fund	-	-	-	-
<b>Total fund balances</b>	<b>7,261,817</b>	<b>(8,615)</b>	<b>261,705</b>	<b>1,727,724</b>
<b>Total liabilities and fund balances</b>	<b>\$ 17,545,679</b>	<b>2,123,013</b>	<b>2,194,449</b>	<b>2,063,304</b>

See notes to financial statements.

Capital Projects	Nonmajor	Total
251,589	64,197	934,734
-	-	426,516
-	-	387
-	50	472,550
-	1,142,000	14,040,000
-	72,000	72,000
-	57,576	325,039
<u>251,589</u>	<u>1,335,823</u>	<u>16,271,226</u>
-	-	1,231,774
-	-	56,401
-	37,436	37,436
-	465,068	465,068
-	-	1,475,984
-	-	4,659,158
-	1,567,935	3,387,249
<u>7,171,046</u>	-	<u>7,171,046</u>
<u>7,171,046</u>	<u>2,070,439</u>	<u>18,484,116</u>
<u>7,422,635</u>	<u>3,406,262</u>	<u>34,755,342</u>

**Dallas County**

Dallas County

Reconciliation of the Balance Sheet -  
Governmental Funds to the Statement of Net Assets

June 30, 2006

**Total governmental fund balances (page 21)** \$ 18,484,116

***Amounts reported for governmental activities in the Statement of Net Assets are different because:***

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets, excluding Internal Service Funds, is \$63,569,708 and the accumulated depreciation is \$21,059,332. 42,510,376

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 325,039

The Internal Service Funds are used by management to charge the costs of various services to individual departments and funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Assets. 344,417

Bond issue costs are reported as current expenditures in the funds. However, bond issue costs are amortized over the life of the bonds and are included in governmental activities in the Statement of Net Assets. 86,519

Long-term liabilities, including capital lease purchase agreement payable, loans payable, drainage district warrants payable, bonds payable, installment purchase agreement payable, compensated absences payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the funds. (17,624,312)

**Net assets of governmental activities (page 16)** \$ 44,126,155

See notes to financial statements.

Dallas County

Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds

Year ended June 30, 2006

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 8,624,542	1,139,410	1,911,459	-
Interest and penalty on property tax	129,471	-	-	-
Tax increment financing	-	-	-	-
Intergovernmental	2,499,916	2,424,993	75,142	2,930,049
Licenses and permits	215,689	-	-	12,785
Charges for service	2,092,384	-	-	409
Use of money and property	553,130	-	-	2,601
Miscellaneous	141,388	307,287	19	28,863
Total revenues	14,256,520	3,871,690	1,986,620	2,974,707
Expenditures:				
Operating:				
Public safety and legal services	5,180,333	-	-	-
Physical health and social services	2,445,706	-	-	-
Mental health	-	4,031,506	-	-
County environment and education	1,687,583	-	198,417	-
Roads and transportation	-	-	51,896	5,410,038
Governmental services to residents	1,373,101	-	-	-
Administration	1,481,665	-	-	-
Non-program	132,916	-	-	-
Debt service	405,720	-	-	-
Capital projects	16,853	-	-	47,793
Total expenditures	12,723,877	4,031,506	250,313	5,457,831
Excess (deficiency) of revenues over (under) expenditures	1,532,643	(159,816)	1,736,307	(2,483,124)
Other financing sources (uses):				
Operating transfers in	174	-	-	1,867,358
Operating transfers out	(907,993)	-	(1,723,344)	-
General obligation bond and notes issued	-	-	-	-
Premium on general obligation bond	-	-	-	-
Installment purchase agreement proceeds	-	-	-	-
Stamped drainage warrants issued	-	-	-	-
Total other financing sources (uses)	(907,819)	-	(1,723,344)	1,867,358
Net change in fund balances	624,824	(159,816)	12,963	(615,766)
Fund balances beginning of year	6,636,993	151,201	248,742	2,343,490
Fund balances end of year	\$ 7,261,817	(8,615)	261,705	1,727,724

See notes to financial statements.

Capital Projects	Nonmajor	Total
-	687,742	12,363,153
-	-	129,471
-	69,156	69,156
293,868	127,327	8,351,295
-	-	228,474
29,070	30,079	2,151,942
157,083	225,805	938,619
12,639	666,040	1,156,236
492,660	1,806,149	25,388,346
-	482,459	5,662,792
-	537	2,446,243
-	-	4,031,506
-	91,690	1,977,690
-	-	5,461,934
-	31,960	1,405,061
-	5,739	1,487,404
-	61,788	194,704
1,073,534	689,349	2,168,603
2,245,827	269,544	2,580,017
3,319,361	1,633,066	27,415,954
(2,826,701)	173,083	(2,027,608)
704,234	128,734	2,700,500
-	(69,163)	(2,700,500)
9,244,000	-	9,244,000
32,021	-	32,021
-	66,000	66,000
-	15,946	15,946
9,980,255	141,517	9,357,967
7,153,554	314,600	7,330,359
17,492	1,755,839	11,153,757
7,171,046	2,070,439	18,484,116

Dallas County

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances -  
Governmental Funds to the Statement  
of Activities

Year ended June 30, 2006

**Net change in fund balances - Total governmental funds (page 25)** \$ 7,330,359

**Amounts reported for governmental activities in the Statement of  
Activities are different because:**

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay and contributed assets exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 3,698,629	
Capital assets contributed by the Iowa Department of Transportation	1,392,235	
Other capital asset contributions	105,538	
Depreciation expense	<u>(2,077,233)</u>	3,119,169

In the Statement of Activities, the loss on the sale of capital assets is reported, whereas the proceeds from the sale increase financial resources in the governmental funds. (78,468)

In the Internal Service Fund Statement of Revenues, Expenses and Changes in Fund Net Assets, the transfer of capital assets from governmental funds is reported as non-operating revenue - capital contribution. When the Internal Service Fund is consolidated into the Statement of Activities, the capital contribution is netted out to reflect the transfer of capital assets. The governmental funds do not report the event because there has been no flow of current financial resources. (155,311)

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds, as follows:

Property tax	(1,198)	
Other	<u>(337,529)</u>	(338,727)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Also, governmental funds report the effect of bond issue costs when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. Current year debt issues exceeded debt repayments, as follows:

Issued	(9,357,967)	
Repaid	1,761,306	
Deferred charge - bond issue costs	<u>92,699</u>	(7,503,962)

Dallas County

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances -  
Governmental Funds to the Statement  
of Activities

Year ended June 30, 2006

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	5,995	
Interest on long-term debt	(51,796)	
Amortization of bond issuance premium	2,135	
Amortization of bond issue costs	(6,180)	(49,846)

The Internal Service Funds are used by management to charge the costs of various services to individual departments and funds. The increase in net assets of the Internal Service Funds is included in governmental activities in the Statement of Net Assets.

171,258

**Change in net assets of governmental activities (page 17)**

\$ 2,494,472

See notes to financial statements

Dallas County  
Statement of Net Assets  
Proprietary Fund  
June 30, 2006

	<u>Internal Service</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 593,496
Receivables:	
Accounts	20,755
Accrued interest	2,834
Capital assets, net of accumulated depreciation	136,525
<b>Total assets</b>	<u>753,610</u>
<b>Liabilities</b>	
Accounts payable	329,368
Salaries and benefits payable	32,025
Due to other funds	4
Due to other governments	749
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	37,056
Portion due or payable after one year:	
Compensated absences	9,991
<b>Total liabilities</b>	<u>409,193</u>
<b>Net Assets</b>	
Invested in capital assets	136,525
Unrestricted	207,892
<b>Total net assets</b>	<u><u>\$ 344,417</u></u>

See notes to financial statements.

Dallas County

Statement of Revenues, Expenses and  
Changes in Fund Net Assets  
Proprietary Fund

Year ended June 30, 2006

		Internal Service
Operating revenues:		
Reimbursements from operating funds and other governmental units		\$ 2,835,054
Reimbursements from employees and others		301,780
Insurance reimbursements		112,283
Miscellaneous		4,902
Total operating revenues		3,254,019
Operating expenses:		
Medical claims	\$ 1,659,524	
Administrative and other fees	325,907	
Central services	403,549	
Information technology	424,893	
Operations administration	237,147	
Human resources	205,439	3,256,459
Operating loss		(2,440)
Non-operating revenues:		
Interest income	18,387	
Capital contribution	155,311	173,698
Net income		171,258
Net assets beginning of year		173,159
Net assets end of year		\$ 344,417

See notes to financial statements.

**Exhibit I**

Dallas County  
Statement of Cash Flows  
Proprietary Fund  
Year ended June 30, 2006

	<u>Internal Service</u>
Cash flows from operating activities:	
Cash received from operating funds and other reimbursements	\$ 3,141,154
Cash received from insurance reimbursements	100,003
Cash paid to suppliers for services	(3,051,549)
Net cash provided by operating activities	<u>189,608</u>
Cash flows from capital and related financial activities:	
Purchase of equipment	(17,269)
Cash flows from investing activities:	
Interest on investments	<u>16,078</u>
Net increase in cash and cash equivalents	188,417
Cash and cash equivalents beginning of year	<u>405,079</u>
Cash and cash equivalents end of year	<u>\$ 593,496</u>
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>	
Operating loss	\$ (2,440)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	36,055
Changes in assets and liabilities:	
(Increase) in accounts receivable	(12,862)
Increase in accounts payable and due to other governments	89,779
Increase in salaries and benefits payable	32,025
Increase in due to other funds	4
Increase in compensated absences	<u>47,047</u>
Net cash provided by operating activities	<u>\$ 189,608</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2006, capital assets of \$155,311 were contributed to the Internal Service Fund by the County.

See notes to financial statements.

Dallas County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2006

**Assets**

Cash and pooled investments:	
County Treasurer	\$ 2,644,905
Other County officials	1,046,573
Receivables:	
Property tax:	
Delinquent	136,056
Succeeding year	73,064,000
Accounts	101,266
Accrued interest	4,483
Special assessments	1,339,000
Due from other funds	2,130
Due from other governments	9,799
Prepaid insurance	4,026
<b>Total assets</b>	78,352,238

**Liabilities**

Accounts payable	40,422
Salaries and benefits payable	23,463
Due to other funds	2,130
Due to other governments	77,173,619
Trusts payable	1,058,245
Compensated absences	54,359
<b>Total liabilities</b>	78,352,238

<b>Net assets</b>	\$ -
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See notes to financial statements.

Dallas County

Notes to Financial Statements

June 30, 2006

**(1) Summary of Significant Accounting Policies**

Dallas County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Dallas County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Dallas County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Ninety-one drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Dallas County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Dallas County Auditor's Office.

The Dallas County Conservation Foundation has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Dallas County Conservation Board. These donations are to be used to purchase items not included in the County's budget. The financial activity of the component unit has been blended as a Special Revenue Fund of the County.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Dallas County Assessor's Conference Board, Dallas County Emergency Management Commission and the Dallas County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the North Dallas Regional Solid Waste Planning Commission and the Dallas County Housing Trust, jointly governed organizations established pursuant to Chapters 28E and 504A, respectively, of the Code of Iowa.

#### B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

Additionally, the County reports the following funds:

Proprietary Funds – Internal Service Funds are utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Funds – Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the

current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

The proprietary funds of the County apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Funds are charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

#### D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2004 assessed property valuations; is for the tax accrual period July 1, 2005 through June 30, 2006 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2005.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Drainage Assessments Receivable – Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Delinquent drainage assessments receivable represent assessments which are due and payable but have not been collected. Succeeding year drainage assessments receivable represents remaining assessments which are payable but not yet due.

Special Assessments Receivable – Special assessments receivable represent amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represent assessments which have been made but have not been collected.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2006, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles and infrastructure assets acquired after July 1, 1981 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful lives (In Years)
Buildings	10 - 50
Other improvements	10 - 35
Infrastructure	20 - 65
Equipment	2 - 50
Vehicles	3 - 20

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable and succeeding year tax increment financing that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2006. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issue costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issue costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets – The net assets of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

#### E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2006, disbursements exceeded the amount budgeted in the mental health function and disbursements in one department exceeded the amount appropriated. Disbursements in five departments exceeded their appropriations prior to amendment.

### **(2) Cash and Pooled Investments**

The County's deposits in banks at June 30, 2006 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$11,314,282 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

**(3) Economic Development Loans**

During prior years, the County loaned \$73,656 to two local businesses. The loan balances due at June 30, 2006 totaled \$30,061.

**(4) Due From/Due to Other Funds**

The detail of interfund assets and liabilities at June 30, 2006 is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue:	
	Mental Health	\$ 26
	Secondary Roads	34
	Internal Service:	
	Professional Services	4
Special Revenue:		
Secondary Roads	General	308
	Special Revenue:	
	Rural Services	19
Total		<u>\$ 391</u>

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

**(5) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2006 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Tax Increment Financing	\$ 167
	Sheriff's Office Grant	7
Special Revenue:		
Secondary Roads	General	143,344
	Special Revenue:	
	Rural Services	1,723,344
	Tax Increment Financing	670
Conservation Land Acquisition	General	60,415
Capital Projects	General	704,234
Debt Service	Special Revenue:	
	Tax Increment Financing	68,319
Total		<u>\$ 2,700,500</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

**(6) Capital Assets**

Capital assets activity for the year ended June 30, 2006 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 3,454,044	292,015	-	3,746,059
Construction in progress	2,859,326	3,588,569	(3,712,336)	2,735,559
Total capital assets not being depreciated	<u>6,313,370</u>	<u>3,880,584</u>	<u>(3,712,336)</u>	<u>6,481,618</u>
Capital assets being depreciated:				
Buildings	15,097,399	78,817	-	15,176,216
Improvements other than buildings	161,488	-	-	161,488
Equipment and vehicles	8,381,531	1,579,008	(996,288)	8,964,251
Infrastructure, road network and other	29,558,096	3,674,298	-	33,232,394
Total capital assets being depreciated	<u>53,198,514</u>	<u>5,332,123</u>	<u>(996,288)</u>	<u>57,534,349</u>
Less accumulated depreciation for:				
Buildings	5,207,538	275,836	-	5,483,374
Improvements other than buildings	9,802	4,614	-	14,416
Equipment and vehicles	3,754,770	889,519	(631,120)	4,013,169
Infrastructure, road network	10,914,788	943,319	-	11,858,107
Total accumulated depreciation	<u>19,886,898</u>	<u>2,113,288</u>	<u>(631,120)</u>	<u>21,369,066</u>
Total capital assets being depreciated, net	<u>33,311,616</u>	<u>3,218,835</u>	<u>(365,168)</u>	<u>36,165,283</u>
Governmental activities capital assets, net	<u>\$ 39,624,986</u>	<u>7,099,419</u>	<u>(4,077,504)</u>	<u>42,646,901</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 344,079
Physical health and social services	18,759
Mental health	88,877
County environment and education	181,299
Roads and transportation	1,259,576
Governmental services to residents	90,711
Administration	129,987
Total depreciation expense - governmental activities	<u>\$ 2,113,288</u>

**(7) Due to Other Governments**

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

Fund	Description	Amount
General	Services	\$ 28,583
Special Revenue:		
Mental Health	Services	437,846
Secondary Roads		6,071
Ortonville Sewer		50
		<u>443,967</u>
Total for governmental funds		<u>\$ 472,550</u>
Agency:		
County Assessor	Collections	\$ 990,235
Schools		38,374,954
Community Colleges		1,454,405
Corporations		30,836,068
City Special Assessments		1,354,081
Auto License and Use Tax		1,207,361
All other		<u>2,956,515</u>
Total for agency funds		<u>\$ 77,173,619</u>

**(8) Changes in Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2006 is as follows:

	Capital Lease Purchase Agreement	General Obligation Bonds (1)	General Obligation Capital Loan Notes	Installment Purchase Agreement	Drainage District Warrants	Compensated Absences	Total
Balance beginning of year	\$ 69,942	-	9,241,000	-	31,091	591,032	9,933,065
Increases	-	9,032,021	244,000	66,000	15,946	518,796	9,876,763
Decreases	36,406	2,135	1,715,000	9,900	-	477,744	2,241,185
Balance end of year	<u>\$ 33,536</u>	<u>9,029,886</u>	<u>7,770,000</u>	<u>56,100</u>	<u>47,037</u>	<u>632,084</u>	<u>17,568,643</u>
Due within one year	<u>\$ 33,536</u>	<u>-</u>	<u>580,000</u>	<u>-</u>	<u>47,037</u>	<u>363,814</u>	<u>1,024,387</u>

(1) The unamortized premium on the bonds was \$29,886 at June 30, 2006.

Capital Lease Purchase Agreement

The County entered into a capital lease purchase agreement to lease a phone system. The following is a schedule of the future minimum lease payments, including interest at 9.66% per annum, and the present value of net minimum lease payments under the agreement in effect at June 30, 2006:

<u>Year</u> <u>Ending</u> <u>June 30,</u>		<u>Phone</u> <u>System</u>
2007	\$	35,317
Less amount representing interest		<u>(1,781)</u>
Present value of net minimum lease payments	\$	<u>33,536</u>

The book value of assets acquired under capital leases totaled \$49,169. Payments under capital lease purchase agreement in effect and an agreement paid in full for the year ended June 30, 2006 totaled \$41,656.

General Obligation Bonds

A summary of the County's June 30, 2006 general obligation bonds is as follows:

<u>Year</u> <u>Ending</u> <u>June 30,</u>	<u>Series 2005B</u>			
	<u>Issued December 28, 2005</u>			
	<u>Interest</u> <u>Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007		-	499,214	499,214
2008	3.75%	\$ 65,000	341,667	406,667
2009	3.75	115,000	339,230	454,230
2010	3.75	175,000	334,917	509,917
2011	3.75	230,000	328,355	558,355
2012-2016	3.75	3,315,000	1,418,088	4,733,088
2017-2020	3.75-3.90	5,100,000	517,928	5,617,928
Total		\$ 9,000,000	3,779,399	<u>12,779,399</u>
Unamortized premium		<u>29,886</u>		
Bonds payable		<u>\$ 9,029,886</u>		

During the year ended June 30, 2006, the County issued \$9,000,000 of general obligation bonds.

General Obligation Capital Loan Notes

A summary of the County's June 30, 2006 general obligation capital loan notes is as follows:

Year Ending June 30,	Series 2000A			Series 2001A		
	Issued August 1, 2000			Issued May 1, 2001		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2007		\$ -	98,808	4.10%	\$ 410,000	16,810
2008		-	98,808		-	-
2009	5.00%	45,000	98,808		-	-
2010	5.00	65,000	96,557		-	-
2011	5.00	80,000	93,307		-	-
2012-2016	5.00-5.25	795,000	375,595		-	-
2017-2020	5.25-5.40	905,000	125,939		-	-
Total		\$ 1,890,000	987,822		\$ 410,000	16,810

Year Ending June 30,	Series 2002A			Series 2002B		
	Issued March 1, 2002			Issued April 1, 2002		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2007		\$ -	106,050	3.80%	105,000	66,430
2008	4.25%	235,000	106,050	4.00	110,000	62,440
2009	4.25	200,000	96,062	4.15	115,000	58,040
2010	4.25	195,000	87,563	4.30	120,000	53,268
2011	4.25	190,000	79,275	4.45	125,000	48,107
2012-2016	4.50-4.75	785,000	281,937	4.60-5.00	710,000	148,830
2017-2020	4.75-5.00	695,000	87,588	5.00	165,000	8,250
Total		\$ 2,300,000	844,525		\$ 1,450,000	445,365

Year Ending June 30,	Series 2002C					
	Issued December 15, 2002			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2007	2.75%	\$ 65,000	60,660	580,000	348,758	928,758
2008	3.05	260,000	58,873	605,000	326,171	931,171
2009	3.30	270,000	50,942	630,000	303,852	933,852
2010	3.50	275,000	42,033	655,000	279,421	934,421
2011	3.70	290,000	32,407	685,000	253,096	938,096
2012-2016	3.80-3.95	560,000	32,145	2,850,000	838,507	3,688,507
2017-2020		-	-	1,765,000	221,777	1,986,777
Total		\$ 1,720,000	277,060	7,770,000	2,571,582	10,341,582

During the year ended June 30, 2006, the County issued \$244,000 and retired \$1,715,000 of general obligation capital loan notes.

### Installment Purchase Agreement

The County entered into an installment purchase agreement with the Iowa Natural Heritage Foundation to purchase 20 acres of timber at a price of \$66,000. The agreement calls for one balloon payment at the end of five years with the interest rate to match that of the loan the Iowa Natural Heritage Foundation used to purchase the land, currently at 8.25% per annum. A down payment of \$9,900 was made during the year ended June 30, 2006.

### Drainage Warrants

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented. Warrants will be paid as funds are available.

Drainage warrants are paid from the Special Revenue Fund solely from drainage assessments against benefited properties.

## **(9) Pension and Retirement Benefits**

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2006, 2005 and 2004 were \$499,549, \$485,440 and \$475,974, respectively, equal to the required contributions for each year.

## **(10) Risk Management**

Dallas County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 531 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2006 were \$286,162.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$5,000,000 in the aggregate per year. For members requiring specific coverage from \$2,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2006, no liability has been recorded in the County's financial statements. As of June 30, 2006, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$25,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### **(11) Employee Health Insurance Plan**

The Internal Service, Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with American Administrators. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$40,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to American Administrators from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2006 was \$1,681,295.

Amounts payable from the Employee Group Health Fund at June 30, 2006 total \$311,333, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$301,473 at June 30, 2006 and is reported as a designation of the Internal Service, Employee Group Health Fund net assets. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 229,450
Incurred claims (including claims incurred but not reported at June 30, 2006)	1,659,524
Payment on claims during the fiscal year	<u>(1,577,641)</u>
Unpaid claims end of year	<u>\$ 311,333</u>

**(12) Hospital Revenue Bonds**

The County issued \$4,600,000 of revenue bonds for the purpose of lending the proceeds to Hospital Fund, Inc. The proceeds will be used for the construction of a congregate housing facility for seniors on the campus of the Dallas County Hospital. The bonds are payable solely from hospital revenues and do not constitute a liability of the County.

**(13) Industrial Development Revenue Bonds**

The County has issued a total of \$13,000,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa. The bonds and related interest are payable solely from the revenues derived and the bond principal and interest do not constitute liabilities of the County.

**(14) Economic Development Agreements**

In November 2003, Dallas County entered into a 28E agreement with the City of West Des Moines to aid in the financing of an economic development project. The project will be financed through tax increment financing by the City as well as additional funding granted through the County as determined in the 28E agreement. The agreement specifies a maximum aggregate amount of \$5,000,000 and begins in fiscal 2005 and continues through fiscal 2009. Payments totaling \$447,209 were made to the City of West Des Moines under the terms of this 28E agreement during the year ended June 30, 2006.

In November 2003, the County entered into a private development agreement with the City of DeSoto and Oak Hill Plantation, L.C. The County agreed to make certain economic development grants to the developer to reimburse the developer for a portion of the cost of public improvements constructed. The grant payments to be made equal 50% of the

tax increment financing collected by the County, but shall not exceed the actual cost of the public improvements or \$5,500,000. No payments were made to the developer under the terms of this agreement during the year ended June 30, 2006.

**(15) Pending Litigation**

The County is a defendant in several lawsuits seeking specified and unspecified amounts of damages. The probability and amount of loss, if any, is indeterminable.

**(16) Operating Leases**

The County entered into two leases during the fiscal year ended June 30, 2005 and one lease during the fiscal year ended June 30, 2006. The County is leasing modular units and office space for use during the renovation of the courthouse. The leases have been classified as operating leases and, accordingly, all rents are charged to expenses as incurred. The leases expire during the fiscal year ending June 30, 2007. The future minimum rental payments required in the year ending June 30, 2007 is \$47,520.

Rental expense for the year ended June 30, 2006 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$110,436.

**(17) County Farm Lease**

The County owned and operated the Dallas County Farm (Farm) through March 31, 2005. Effective April 1, 2005, the County entered into a three-year lease with Des Moines Area Community College (DMACC) whereby DMACC will operate the Farm. The County will receive \$36,175 in land and building rent annually.

**(18) Designated Fund Equity**

The County has designated amounts from the General and Secondary Roads Funds for special projects. At June 30, 2006, the amounts designated are as follows:

Description	Amount
General:	
Emergency medical services equipment	\$ 202,600
Information technology software and hardware	30,300
Outside counsel	60,000
Construction projects	911,963
Miscellaneous	109,621
	1,314,484
Secondary Roads:	
Engineering, buildings, flood/erosion control and right of way	161,500
Total	\$ 1,475,984

**(19) Trusts Payable – Forfeiture Pending**

At June 30, 2006, \$911,219 of cash seized during interdiction activities by the County Sheriff's Office was still pending resolution through the formal forfeiture process. The cash and trust payable are reported in the Agency Funds - County Offices.

**(20) Special Investigation**

A special investigation by the Office of Auditor of State was requested by Iowa Division of Criminal Investigation (DCI) officials as a result of concerns regarding property seized by the Sheriff's Office. The investigation covered the period January 1, 2002 through July 5, 2006. The special investigation identified a number of variances between the property held by the Sheriff's Office and the documentation related to the property. A separate report was issued on September 29, 2006.

**Dallas County**

**Required Supplementary Information**

Dallas County

Budgetary Comparison Schedule of  
Receipts, Disbursements and Changes in Balances -  
Budget and Actual (Cash Basis) – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2006

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 12,493,178	-	12,493,178
Interest and penalty on property tax	66,369	-	66,369
Intergovernmental	8,538,132	-	8,538,132
Licenses and permits	232,304	-	232,304
Charges for service	2,186,525	-	2,186,525
Use of money and property	822,506	249	822,257
Miscellaneous	1,169,960	121,964	1,047,996
Total receipts	<u>25,508,974</u>	<u>122,213</u>	<u>25,386,761</u>
<b>Disbursements:</b>			
Public safety and legal services	5,564,574	-	5,564,574
Physical health and social services	2,460,148	-	2,460,148
Mental health	4,065,609	-	4,065,609
County environment and education	1,983,092	89,650	1,893,442
Roads and transportation	5,366,942	-	5,366,942
Governmental services to residents	1,402,820	-	1,402,820
Administration	1,531,870	-	1,531,870
Non-program	83,687	49,617	34,070
Debt service	1,095,069	-	1,095,069
Capital projects	2,780,267	-	2,780,267
Total disbursements	<u>26,334,078</u>	<u>139,267</u>	<u>26,194,811</u>
Deficiency of receipts under disbursements	(825,104)	(17,054)	(808,050)
Other financing sources, net	8,277,832	15,946	8,261,886
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	7,452,728	(1,108)	7,453,836
Balance beginning of year	11,698,191	184,503	11,513,688
Balance end of year	<u>\$ 19,150,919</u>	<u>183,395</u>	<u>18,967,524</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
12,376,311	12,405,511	87,667
34,000	69,900	(3,531)
8,282,537	8,831,654	(293,522)
195,347	203,602	28,702
1,823,426	1,904,767	281,758
221,850	589,465	232,792
488,662	(32,138)	1,080,134
<u>23,422,133</u>	<u>23,972,761</u>	<u>1,414,000</u>
5,309,908	6,237,176	672,602
2,838,503	2,808,280	348,132
4,067,225	4,058,425	(7,184)
1,976,014	1,988,862	95,420
5,182,782	5,593,332	226,390
1,946,062	1,995,222	592,402
2,304,968	2,793,553	1,261,683
206,929	75,664	41,594
1,113,628	1,113,628	18,559
542,124	3,701,588	921,321
<u>25,488,143</u>	<u>30,365,730</u>	<u>4,170,919</u>
(2,066,010)	(6,392,969)	5,584,919
-	8,500,000	(238,114)
(2,066,010)	2,107,031	5,346,805
8,565,337	8,565,337	2,948,351
<u>6,499,327</u>	<u>10,672,368</u>	<u>8,295,156</u>

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Dallas County  
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation  
 Required Supplementary Information  
 Year ended June 30, 2006

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 25,508,974	(120,628)	25,388,346
Expenditures	26,334,078	1,081,876	27,415,954
Net	(825,104)	(1,202,504)	(2,027,608)
Other financing sources, net	8,277,832	1,080,135	9,357,967
Beginning fund balances	11,698,191	(544,434)	11,153,757
Ending fund balances	\$ 19,150,919	(666,803)	18,484,116

See accompanying independent auditor's report.

Dallas County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2006

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, Internal Service Funds and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$4,877,587. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2006, disbursements exceeded the amount budgeted in the mental health function and disbursements in one department exceeded the amount appropriated. Disbursements in five departments exceeded their appropriations prior to amendment.

**Dallas County**

**Other Supplementary Information**

Dallas County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2006

	Tax Increment Financing	Supplemental Environmental Projects	County Sheriff Forfeiture	County Attorney Forfeiture	Courthouse Restoration	County Recorder's Records Management	Facility Maintenance Dallas County Care Facility	County Farm	Economic Development
<b>Assets</b>									
Cash and pooled investments:									
County Treasurer	\$ -	1,000	423,611	50,486	7,173	83,034	52,262	139,636	290,580
Conservation Foundation	-	-	-	-	-	-	-	-	-
Receivables:									
Property tax:									
Delinquent	-	-	-	-	-	-	-	-	-
Succeeding year	-	-	-	-	-	-	-	-	-
Succeeding year									
tax increment financing	72,000	-	-	-	-	-	-	-	-
Accounts	-	-	-	167	-	-	2,000	-	-
Accrued interest	-	-	-	-	3	140	-	-	2,428
Drainage assessments:									
Delinquent	-	-	-	-	-	-	-	-	-
Succeeding year	-	-	-	-	-	-	-	-	-
Economic development loans	-	-	-	-	-	-	-	-	30,061
Due from other governments	-	-	-	-	-	-	-	-	-
Prepaid insurance	-	-	-	-	-	-	-	107	-
<b>Total assets</b>	<b>\$ 72,000</b>	<b>1,000</b>	<b>423,611</b>	<b>50,653</b>	<b>7,176</b>	<b>83,174</b>	<b>54,262</b>	<b>139,743</b>	<b>323,069</b>
<b>Liabilities and Fund Equity</b>									
Liabilities:									
Accounts payable	\$ -	-	64,197	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-	-	-
Deferred revenue:									
Succeeding year property tax	-	-	-	-	-	-	-	-	-
Succeeding year tax increment financing	72,000	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	30,061
Total liabilities	72,000	-	64,197	-	-	-	-	-	30,061
Fund equity:									
Fund balances:									
Reserved for:									
Drainage projects	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Unreserved:									
Undesignated	-	1,000	359,414	50,653	7,176	83,174	54,262	139,743	293,008
Total fund equity	-	1,000	359,414	50,653	7,176	83,174	54,262	139,743	293,008
<b>Total liabilities and fund equity</b>	<b>\$ 72,000</b>	<b>1,000</b>	<b>423,611</b>	<b>50,653</b>	<b>7,176</b>	<b>83,174</b>	<b>54,262</b>	<b>139,743</b>	<b>323,069</b>

See accompanying independent auditor's report.

Special Revenue												
County	Recorder's Electronic Transaction	Resource Enhancement and Protection	Jail Commissary	Conservation Conditional Use	Drainage District	Conservation Land Acquisition	Ambulance Trust	Public Health Nurse Trust	Ortonville Sewer	Conservation Foundation	Debt Service	Total
16	-	40,992	10,002	256,131	113,038	83,358	13,702	13,464	4,059	-	458,541	2,041,085
-	-	-	-	-	-	-	-	-	-	70,357	-	70,357
-	-	-	-	-	-	-	-	-	-	-	2,715	2,715
-	-	-	-	-	-	-	-	-	-	-	1,142,000	1,142,000
-	-	-	-	-	-	-	-	-	-	-	-	72,000
-	-	-	-	-	1,500	-	-	-	598	-	-	4,265
-	167	-	-	838	-	-	-	-	-	-	6,431	10,007
-	-	-	-	-	9,221	-	-	-	-	-	-	9,221
-	-	-	-	-	15,676	-	-	-	-	-	-	15,676
-	-	-	-	-	-	-	-	-	-	-	-	30,061
-	8,768	-	-	-	-	-	-	-	-	-	-	8,768
-	-	-	-	-	-	-	-	-	-	-	-	107
16	49,927	10,002	256,969	139,435	83,358	13,702	13,464	4,657	70,357	1,609,687	3,406,262	
-	-	-	-	-	-	-	-	-	-	-	-	64,197
-	-	-	-	-	-	-	-	50	-	-	-	50
-	-	-	-	-	-	-	-	-	-	-	1,142,000	1,142,000
-	-	-	-	-	24,896	-	-	-	-	-	2,619	57,576
-	-	-	-	24,896	-	-	-	50	-	-	1,144,619	1,335,823
-	-	-	-	-	37,436	-	-	-	-	-	-	37,436
-	-	-	-	-	-	-	-	-	-	-	465,068	465,068
16	49,927	10,002	256,969	77,103	83,358	13,702	13,464	4,607	70,357	-	1,567,935	
16	49,927	10,002	256,969	114,539	83,358	13,702	13,464	4,607	70,357	465,068	2,070,439	
16	49,927	10,002	256,969	139,435	83,358	13,702	13,464	4,657	70,357	1,609,687	3,406,262	

Dallas County  
Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Governmental Funds

Year ended June 30, 2006

	Tax Increment Financing	Supplemental Environmental Projects	County Sheriff Forfeiture	County Attorney Forfeiture	Courthouse Restoration	County Recorder's Records Management	Facility Maintenance Dallas County Care Facility	County Farm	Economic Development
<b>Revenues:</b>									
Property and other county tax	\$ -	-	-	-	-	-	-	-	-
Tax increment financing	69,156	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for service	-	-	-	-	-	22,712	-	-	-
Use of money and property	-	-	-	-	11	650	24,000	36,176	11,275
Miscellaneous	-	-	397,445	11,341	122	-	-	115,738	10,464
Total revenues	69,156	-	397,445	11,341	133	23,362	24,000	151,914	21,739
<b>Expenditures:</b>									
<b>Operating:</b>									
Public safety and legal services	-	-	480,765	-	-	-	-	-	-
Physical health and social services	-	-	-	-	-	-	-	-	-
County environment and education	-	-	-	-	-	-	-	-	-
Governmental services to residents	-	-	-	-	-	29,572	-	-	-
Administration	-	-	-	-	1	-	5,738	-	-
Non-program	-	-	-	-	-	-	-	12,171	-
Debt service	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	480,765	-	1	29,572	5,738	12,171	-
Excess (deficiency) of revenues over (under) expenditures	69,156	-	(83,320)	11,341	132	(6,210)	18,262	139,743	21,739
<b>Other financing sources (uses):</b>									
Operating transfers in	-	-	-	-	-	-	-	-	-
Operating transfers out	(69,156)	-	-	-	-	-	-	-	-
Installment purchase agreement proceeds	-	-	-	-	-	-	-	-	-
Stamped drainage warrants issued	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(69,156)	-	-	-	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	(83,320)	11,341	132	(6,210)	18,262	139,743	21,739
Fund balances beginning of year	-	1,000	442,734	39,312	7,044	89,384	36,000	-	271,269
Fund balances end of year	\$ -	1,000	359,414	50,653	7,176	83,174	54,262	139,743	293,008

See accompanying independent auditor's report.

Special Revenue													
County	Recorder's Electronic Transaction	Resource Enhancement and Protection	Sheriff's Office Grant	Jail Commissary	Conservation Conditional Use	Drainage District	Conservation Land Acquisition	Ambulance Trust	Public Health Nurse Trust	Ortonville Sewer	Conservation Foundation	Debt Service	Total
-	-	-	-	-	-	-	-	-	-	-	-	687,742	687,742
-	-	-	-	-	-	-	-	-	-	-	-	-	69,156
-	79,988	-	-	-	-	-	26,585	-	-	-	-	20,754	127,327
-	-	-	7,367	-	-	-	-	-	-	-	-	-	30,079
13	1,244	-	-	87,130	-	-	18,265	-	-	-	249	46,792	225,805
-	-	-	-	-	80,857	-	-	915	1,131	3,249	42,608	-	666,040
13	81,232	-	7,367	87,130	80,857	-	47,020	915	1,131	3,249	42,857	755,288	1,806,149
-	-	-	891	-	-	-	-	803	-	-	-	-	482,459
-	-	-	-	-	-	-	-	-	537	-	-	-	537
-	-	-	-	-	-	-	-	-	-	2,040	89,650	-	91,690
2,388	-	-	-	-	-	-	-	-	-	-	-	-	31,960
-	-	-	-	-	-	-	-	-	-	-	-	-	5,739
-	-	-	-	-	49,617	-	-	-	-	-	-	-	61,788
-	-	-	-	-	-	-	-	-	-	-	-	689,349	689,349
-	151,219	-	-	-	-	-	118,325	-	-	-	-	-	269,544
2,388	151,219	-	891	-	49,617	-	118,325	803	537	2,040	89,650	689,349	1,633,066
(2,375)	(69,987)	-	6,476	87,130	31,240	-	(71,305)	112	594	1,209	(46,793)	65,939	173,083
-	-	-	-	-	-	-	60,415	-	-	-	-	68,319	128,734
-	-	(7)	-	-	-	-	-	-	-	-	-	-	(69,163)
-	66,000	-	-	-	-	-	-	-	-	-	-	-	66,000
-	-	-	-	-	15,946	-	-	-	-	-	-	-	15,946
-	66,000	(7)	-	-	15,946	-	60,415	-	-	-	-	68,319	141,517
(2,375)	(3,987)	(7)	6,476	87,130	47,186	-	(10,890)	112	594	1,209	(46,793)	134,258	314,600
2,391	53,914	7	3,526	169,839	67,353	-	94,248	13,590	12,870	3,398	117,150	330,810	1,755,839
16	49,927	-	10,002	256,969	114,539	-	83,358	13,702	13,464	4,607	70,357	465,068	2,070,439

**Dallas County**

Dallas County  
Combining Schedule of Net Assets  
Internal Service Funds

June 30, 2006

	Employee		Total
	Professional Services	Group Health	
<b>Assets</b>			
Cash and pooled investments	\$ 3,697	589,799	593,496
Accounts receivable	582	20,173	20,755
Accrued interest receivable	-	2,834	2,834
Capital assets, net of accumulated depreciation	136,525	-	136,525
<b>Total assets</b>	<b>140,804</b>	<b>612,806</b>	<b>753,610</b>
<b>Liabilities</b>			
Accounts payable	18,035	311,333	329,368
Salaries and benefits payable	32,025	-	32,025
Due to other funds	4	-	4
Due to other governments	749	-	749
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences	37,056	-	37,056
Portion due or payable after one year:			
Compensated absences	9,991	-	9,991
<b>Total liabilities</b>	<b>97,860</b>	<b>311,333</b>	<b>409,193</b>
<b>Net Assets</b>			
Invested in capital assets	136,525	-	136,525
Unrestricted	(93,581)	301,473	207,892
<b>Total net assets</b>	<b>\$ 42,944</b>	<b>301,473</b>	<b>344,417</b>

See accompanying independent auditor's report.

**Schedule 4**

## Dallas County

Combining Schedule of Revenues, Expenses and  
Changes in Fund Net Assets  
Internal Service Funds

Year ended June 30, 2006

	Professional Services	Employee Group Health	Total
Operating revenues:			
Reimbursements from operating funds and other governmental units	\$ 1,153,759	1,681,295	2,835,054
Reimbursements from employees and others	-	301,780	301,780
Insurance reimbursements	-	112,283	112,283
Miscellaneous	4,902	-	4,902
Total operating revenues	1,158,661	2,095,358	3,254,019
Operating expenses:			
Medical claims	-	1,659,524	1,659,524
Administrative and other fees	-	325,907	325,907
Central services	403,549	-	403,549
Information technology	424,893	-	424,893
Operations administration	237,147	-	237,147
Human resources	205,439	-	205,439
Total operating expenses	1,271,028	1,985,431	3,256,459
Operating income (loss)	(112,367)	109,927	(2,440)
Non-operating revenues:			
Interest income	-	18,387	18,387
Capital contribution	155,311	-	155,311
Total non-operating revenues	155,311	18,387	173,698
Net income	42,944	128,314	171,258
Net assets beginning of year	-	173,159	173,159
Net assets end of year	\$ 42,944	301,473	344,417

See accompanying independent auditor's report.

Dallas County  
Combining Schedule of Cash Flows  
Internal Service Funds

Year ended June 30, 2006

	Professional Services	Employee Group Health	Total
Cash flows from operating activities:			
Cash received from operating funds and other reimbursements	\$ 1,158,079	1,983,075	3,141,154
Cash received from insurance reimbursements	-	100,003	100,003
Cash paid to suppliers for services	(1,137,113)	(1,914,436)	(3,051,549)
Net cash provided by operating activities	20,966	168,642	189,608
Cash flows from capital and related financing activities:			
Purchase of equipment	(17,269)	-	(17,269)
Cash flows from investing activities:			
Interest on investments	-	16,078	16,078
Net increase in cash and cash equivalents	3,697	184,720	188,417
Cash and cash equivalents beginning of year	-	405,079	405,079
Cash and cash equivalents end of year	\$ 3,697	589,799	593,496
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	\$ (112,367)	109,927	(2,440)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	36,055	-	36,055
Changes in assets and liabilities:			
(Increase) in accounts and other receivables	(582)	(12,280)	(12,862)
Increase in accounts payable and due to other governments	18,784	70,995	89,779
Increase in salaries and benefits payable	32,025	-	32,025
Increase in due to other funds	4	-	4
Increase in compensated absences	47,047	-	47,047
Net cash provided by operating activities	\$ 20,966	168,642	189,608

See accompanying independent auditor's report.

Dallas County  
 Combining Schedule of Fiduciary Assets and Liabilities  
 Agency Funds

June 30, 2006

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets</b>				
Cash and pooled investments:				
County Treasurer	\$ -	1,214	306,107	240,476
Other County officials	1,046,573	-	-	-
Receivables:				
Property tax:				
Delinquent	-	477	2,155	98,478
Succeeding year	-	184,000	771,000	38,036,000
Accounts	12,437	-	-	-
Accrued interest	-	-	-	-
Special assessments	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Prepaid insurance	-	-	295	-
<b>Total assets</b>	<b>\$ 1,059,010</b>	<b>185,691</b>	<b>1,079,557</b>	<b>38,374,954</b>
<b>Liabilities</b>				
Accounts payable	\$ -	-	32,568	-
Salaries and benefits payable	-	-	18,706	-
Due to other funds	2,130	-	-	-
Due to other governments	131,386	185,691	990,235	38,374,954
Trusts payable	925,494	-	-	-
Compensated absences	-	-	38,048	-
<b>Total liabilities</b>	<b>\$ 1,059,010</b>	<b>185,691</b>	<b>1,079,557</b>	<b>38,374,954</b>

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
9,376	140,531	3,925	15,081	1,207,361	720,834	2,644,905
-	-	-	-	-	-	1,046,573
4,029	24,537	2,286	-	-	4,094	136,056
1,441,000	30,671,000	336,000	-	-	1,625,000	73,064,000
-	-	-	-	-	88,829	101,266
-	-	-	-	-	4,483	4,483
-	-	-	1,339,000	-	-	1,339,000
-	-	-	-	-	2,130	2,130
-	-	-	-	-	9,799	9,799
-	-	-	-	-	3,731	4,026
<u>1,454,405</u>	<u>30,836,068</u>	<u>342,211</u>	<u>1,354,081</u>	<u>1,207,361</u>	<u>2,458,900</u>	<u>78,352,238</u>
-	-	-	-	-	7,854	40,422
-	-	-	-	-	4,757	23,463
-	-	-	-	-	-	2,130
1,454,405	30,836,068	342,211	1,354,081	1,207,361	2,297,227	77,173,619
-	-	-	-	-	132,751	1,058,245
-	-	-	-	-	16,311	54,359
<u>1,454,405</u>	<u>30,836,068</u>	<u>342,211</u>	<u>1,354,081</u>	<u>1,207,361</u>	<u>2,458,900</u>	<u>78,352,238</u>

Dallas County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2006

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets and Liabilities</b>				
Balances beginning of year	\$ 108,665	163,714	962,111	33,111,402
Additions:				
Property and other county tax	-	185,011	774,955	38,159,223
E911 surcharge	-	-	-	-
State tax credits	-	5,135	20,978	1,017,053
Drivers license fees	-	-	-	-
Office fees and collections	2,590,014	-	174	-
Electronic transaction fees	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	1,513,256	-	-	-
Miscellaneous	-	13	29,265	2,597
Total additions	4,103,270	190,159	825,372	39,178,873
Deductions:				
Agency remittances:				
To other funds	1,480,205	-	-	-
To other governments	1,070,810	168,182	707,926	33,915,321
Trusts paid out	601,910	-	-	-
Total deductions	3,152,925	168,182	707,926	33,915,321
Balances end of year	\$ 1,059,010	185,691	1,079,557	38,374,954

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
1,265,674	23,159,567	340,587	1,675,035	1,171,209	2,010,655	63,968,619
1,447,951	30,538,310	345,829	-	-	1,593,309	73,044,588
-	-	-	-	-	361,066	361,066
39,659	610,161	12,966	-	-	43,717	1,749,669
-	-	-	-	164,658	-	164,658
-	-	-	-	-	-	2,590,188
-	-	-	-	-	22,712	22,712
-	-	-	-	13,702,129	-	13,702,129
-	-	-	262,933	-	-	262,933
-	-	-	-	-	739,662	2,252,918
98	-	-	-	-	515,313	547,286
1,487,708	31,148,471	358,795	262,933	13,866,787	3,275,779	94,698,147
-	-	-	-	482,817	40	1,963,062
1,298,977	23,471,970	357,171	583,887	13,347,818	2,132,137	77,054,199
-	-	-	-	-	695,357	1,297,267
1,298,977	23,471,970	357,171	583,887	13,830,635	2,827,534	80,314,528
1,454,405	30,836,068	342,211	1,354,081	1,207,361	2,458,900	78,352,238

Dallas County

Schedule of Revenues By Source and Expenditures By Function -  
All Governmental Funds

For the Last Seven Years

	Modified Accrual Basis			
	2006	2005	2004	2003
<b>Revenues:</b>				
Property and other county tax	\$ 12,363,153	12,223,329	12,607,687	12,032,172
Interest and penalty on property tax	129,471	157,069	121,381	115,161
Tax increment financing	69,156	68,393	41,064	31,994
Intergovernmental	8,351,295	8,685,409	8,156,106	7,904,433
Licenses and permits	228,474	212,699	187,435	179,451
Charges for service	2,151,942	1,966,320	1,797,483	1,730,355
Use of money and property	938,619	376,332	243,537	321,119
Miscellaneous	1,156,236	640,509	1,068,399	1,090,338
<b>Total</b>	<b>\$ 25,388,346</b>	<b>24,330,060</b>	<b>24,223,092</b>	<b>23,405,023</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 5,662,792	4,235,897	4,141,707	4,348,165
Physical health and social services	2,446,243	2,283,649	2,347,396	2,260,699
Mental health	4,031,506	4,021,399	3,892,605	3,541,726
County environment and education	1,977,690	1,632,788	1,460,257	1,370,639
Roads and transportation	5,461,934	4,771,237	4,856,470	4,692,586
Governmental services to residents	1,405,061	863,783	740,936	944,689
Administration	1,487,404	2,582,284	2,744,922	2,715,171
Non-program	194,704	286,075	287,288	367,328
Debt service	2,168,603	1,086,288	1,084,659	1,103,312
Capital projects	2,580,017	2,170,970	2,200,176	3,732,903
<b>Total</b>	<b>\$ 27,415,954</b>	<b>23,934,370</b>	<b>23,756,416</b>	<b>25,077,218</b>

See accompanying independent auditor's report.

2002	2001	2000
11,039,642	9,881,176	8,941,962
124,755	95,133	84,910
24,008	41,069	32,546
8,281,991	8,926,732	7,593,168
149,465	144,663	173,026
1,480,991	1,388,435	1,181,885
327,598	473,574	329,929
535,315	836,748	742,445
<u>21,963,765</u>	<u>21,787,530</u>	<u>19,079,871</u>

3,782,743	3,667,036	3,595,982
2,427,581	3,142,956	3,058,837
3,541,905	3,286,486	2,956,813
1,387,881	1,666,743	1,278,909
4,405,522	4,242,934	4,382,680
692,597	616,099	579,149
2,630,155	2,159,302	2,057,475
369,459	815,834	346,023
730,587	706,938	478,968
2,896,180	2,582,424	759,486
<u>22,864,610</u>	<u>22,886,752</u>	<u>19,494,322</u>

**Schedule 9**

Dallas County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2006

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of the Interior:			
Payments in Lieu of Taxes	15.226		\$ 1,144
U.S. Department of Justice:			
Bulletproof Vest Partnership Program	16.607		325
Public Safety Partnership and Community Policing Grants	16.710	2002UMWX0145	16,500
Total direct			17,969
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for Food Stamp Program	10.561		13,643
U.S. Department of Justice:			
Iowa Department of Justice - Crime Victim Assistance Division:			
Violence Against Women Formula Grants	16.588	VW-06-03	3,362
Iowa Department of Human Services - Boone / Dallas County Decategorization:			
Enforcing Underage Drinking Laws Program	16.727	07-JD04-F505	3,550
U.S. Department of Transportation:			
Iowa Department of Public Safety - Governor's Traffic Safety Bureau:			
Alcohol Traffic Safety & Drunk Driving Prevention Incentive Grants	20.601	PAP 06-410-Task 10	2,687
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	PAP 05-163-Task 20	2,910
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	PAP 06-163-Task 18	1,047
			3,957
National Endowment for the Humanities:			
Humanities Iowa:			
Promotion of the Humanities - Federal/State Partnership	45.129		4,562
U.S. Election Assistance Commission:			
Iowa Secretary of State:			
Help America Vote Act Requirements Payments	90.401	06-HAVA-25-001,100,SA1	286,627
U.S. Department of Health and Human Services:			
Community Opportunities, Inc:			
Immunization Grants	93.268	5885I438	3,536
Immunization Grants	93.268	5886I438	3,888
			7,424

Dallas County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2006

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
Grinnell Regional Public Health:			
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5885BT01	4,643
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5886BT01	23,587
			<u>28,230</u>
Iowa Secretary of State:			
Voting Access for Individuals with Disabilities - Grants to States	93.617	06-HAVA-25-001,002,004	3,595
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		16,481
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		3,923
Foster Care - Title IV-E	93.658		8,475
Adoption Assistance	93.659		2,099
Medical Assistance Program	93.778		21,875
Social Services Block Grant	93.667		10,624
Social Services Block Grant	93.667		108,207
			<u>118,831</u>
Iowa Department of Public Health:			
National Bioterrorism Hospital Preparedness Program	93.889		7,672
U.S. Department of Homeland Security:			
Iowa Department of Public Defense - Iowa Homeland Security and Emergency Management Division:			
State Domestic Preparedness Equipment Support Program	97.004		201,551
Emergency Management Performance Grants	97.042		19,352
Total indirect			<u>757,896</u>
Total			<u>\$ 775,865</u>

**Basis of Presentation** – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Dallas County and is presented on the modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

**Dallas County**



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Officials of Dallas County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Dallas County, Iowa, as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated December 12, 2006. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Dallas County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Dallas County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe item II-A-06 is a material weakness.

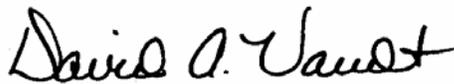
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dallas County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

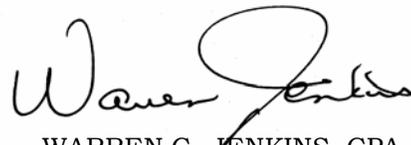
Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2006 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Dallas County and other parties to whom Dallas County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Dallas County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

December 12, 2006

**Independent Auditor's Report on Compliance with Requirements Applicable  
to Each Major Program and on Internal Control over Compliance  
in Accordance with OMB Circular A-133**

**Dallas County**



**OFFICE OF AUDITOR OF STATE**  
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Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Program and on Internal Control over Compliance  
in Accordance with OMB Circular A-133

To the Officials of Dallas County:

Compliance

We have audited the compliance of Dallas County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2006. Dallas County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Dallas County's management. Our responsibility is to express an opinion on Dallas County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Dallas County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Dallas County's compliance with those requirements.

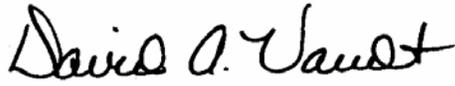
In our opinion, Dallas County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of Dallas County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Dallas County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Dallas County and other parties to whom Dallas County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

December 12, 2006

Dallas County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2006

**Part I: Summary of the Independent Auditor's Results:**

- (a) Unqualified opinions were issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows:
  - CFDA Number 90.401 – Help America Vote Act Requirements Payments
  - CFDA Number 93.667 – Social Services Block Grant
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Dallas County did not qualify as a low-risk auditee.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

**Part II: Findings Related to the Financial Statements:**

**REPORTABLE CONDITIONS:**

II-A-06 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	Applicable Offices
(1) Receipts – opening and listing mail receipts, collecting, depositing, posting and daily reconciling.	Treasurer and Sheriff
(2) Disbursements – processing of claims, check writing, check signing, mailing checks and final approval.	Sheriff and Recorder
(3) Bank reconciliation is not prepared by someone who doesn't sign checks, handle or record cash.	Sheriff

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, each official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons, to the extent possible, and should be evidenced by initials or signature of the reviewer and the date of the review.

Responses –

County Treasurer – Receipts – With a limited number of employees, we make an effort to have different employees involved in various stages of processing and rotate work assignments for collecting, depositing, posting and daily reconciling. We will try to develop a system using a log to follow opening and listing of mail receipts.

County Sheriff – The Dallas County Sheriff's Office has recently re-evaluated many previously accepted practices and found some have required the implementation of change. The opening and listing of mail receipts, posting and daily reconciliation is conducted by an Office Clerk prior to being forwarded to the Civil Department. The processing of claims, check writing and signing, along with final approval is conducted within the Civil Department itself. Bank

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

reconciliation is completed and is then to be reviewed by an independent employee to verify procedures.

County Recorder – In response to the State Auditor’s Report, the Dallas County Recorder’s Office checks are now written and signed by two different persons.

Conclusion – Responses accepted.

- II-B-06 Jail Commissary and Forfeiture Bank Accounts – During the year ended June 30, 2006, expenditures other than for commissary resale items were made from the Sheriff’s commissary bank account but were not charged against the budget.

Also, expenditures for training, repair services, etc. were made from the Sheriff’s Forfeiture bank account but were not charged against the budget.

Recommendation – The profits from the Jail Commissary account and amounts receipted into the Forfeiture account should be remitted to the County Treasurer. Purchases of services and non-resale items should be charged against the Sheriff’s budget and reflected in the County’s accounting system.

Response – The Dallas County Sheriff’s Office has implemented a new procedure in the expenditure of Commissary and Forfeiture funds. Commissary funds are only allocated to the purchase of items that are directly related to Commissary. It had been the practice of the previous administration that the Forfeiture checking account was used to issue payments for schools and other services. This is an unacceptable use of this account and has been addressed. These previously “paid for” products and services are now properly routed through the Sheriff’s budget and correctly reflected.

Conclusion – Response accepted.

- II-C-06 Disaster Recovery – The County does not have a written disaster recovery plan for the County’s information system.

Recommendation – A written disaster recovery plan should be developed.

Response – Dallas County has recently reorganized this Department and appointed a Department Head that will move forward with a disaster plan involving Dallas County’s information systems.

Conclusion – Response accepted.

- II-D-06 Capital Assets – A physical observation of capital assets was performed, but was not used to update the capital asset records. Also, the useful lives identified in the County’s capital asset policy are not always followed for equipment and buildings.

Recommendation – Capital assets should be observed periodically by an employee having no responsibility for the assets and the capital asset records updated accordingly. The useful lives for all classes of capital assets should be adhered to.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

Response – A physical observation of assets will be performed to update capital asset records. We will more closely follow the useful life for all classes of capital assets.

Conclusion – Response accepted.

- II-E-06 Claims Process – The County Auditor’s office accepts copies or faxes of invoices for claims processing. Since the County’s accounting system does not flag potential duplicate payments, an original invoice could come through later and cause a duplicate payment to be made. During testing, we noted two instances of duplicate payments.

Recommendation – The County Auditor’s office should require original invoices to process claims and should work with its accounting system provider to implement software changes to flag potential duplicate payments.

Response – We no longer accept copies or faxes of invoices. This should eliminate the above problem.

Conclusion – Response accepted.

- II-F-06 Lack of Written Policies and Procedures – The County currently does not have written policies for certain areas of operation. These areas include:

- Annual job performance evaluations for County employees. Currently, not all departments do periodic performance evaluations of their staff.
- The use of time cards. Also, personnel working in the County Assessor’s office do not submit timesheets.
- The issuance and use of County provided credit cards.
- The use of handwritten warrants.

Recommendation – The County should develop written policies and procedures for the noted areas of operation.

Responses –

Board of Supervisors – We recognize the need to develop policies for areas of operations. We are currently addressing these issues.

County Assessor – Time sheets are kept in the assessor’s office. I will send an email to the human resource department stating I have reviewed the time sheets, so something will be submitted to their office.

Conclusion – Responses accepted.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

II-G-06 Prepayment of Services – Warrants were written during fiscal year 2006 as prepayments for human resources related services. For three of five payments made to the contractor, payment was made prior to the services being performed. Part of a fourth payment represented half the cost of a three part project of which only one part had been completed and the other two are now being performed by the County’s new human resources director. No amendment to the County’s agreement with the contractor has been signed to reflect this change.

Recommendation – Services should only be paid once the services have been rendered and an up to date written contract should be in place.

Response – We will closely monitor outside professional services projects for timeliness, completion, and make sure a contract is entered into for services or repairs.

Conclusion – Response acknowledged. The County should not prepay for services.

II-H-06 Leave Time Tracking – Bonus Days, which are earned by all County employees when they are at their maximum sick leave balance for four consecutive months, are not tracked on the centralized payroll system. When an employee uses a Bonus Day, their time card will show 8 hours worked with a notation of “Bonus Day”. Because of this, the centralized payroll system and timesheets do not accurately reflect actual hours worked or leave taken.

Recommendation – The County should develop procedures to ensure Bonus Days are tracked on the centralized payroll system and hours reported on timesheets accurately reflect time worked and/or leave taken.

Response – The Human Resource and Payroll departments will work together to develop procedures to track Bonus Days and note on time sheets to reflect actual time worked.

Conclusion – Response accepted.

II-I-06 Review and Approval of Timesheets – During review of timesheets for one pay period, we noted twenty-four timesheets with the following exceptions:

- a) Eight with no employee signature.
- b) Nine lacked an original employee signature (photocopy).
- c) Seven with no supervisor signature.

Also for twenty-four of twenty-six pay periods, one employee in the Sheriff’s office did not have a supervisor’s signature on their timesheets.

Recommendation – The County should develop policies and procedures to ensure all timesheets are signed by the employee and then reviewed/approved by the employee’s supervisor prior to submission for payroll processing.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

Responses –

Board of Supervisors – The Human Resource Department is currently updating our employee handbook and these policies and procedures will be addressed therein.

County Sheriff - This issue has been addressed to each Sheriff's Office Department Head. Each timesheet will be properly signed in the future prior to being processed for payroll payment.

Conclusion – Responses accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

**Part III: Findings and Questioned Costs For Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**REPORTABLE CONDITIONS:**

No material weaknesses in internal control over the major programs were noted.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

**Part IV: Other Findings Related to Required Statutory Reporting:**

- IV-A-06 Certified Budget – Disbursements during the year ended June 30, 2006 exceeded the amount budgeted in the mental health function.

Disbursements in one department exceeded the amount appropriated during the year ended June 30, 2006. In addition, disbursements in five other departments exceeded their appropriations prior to amendment.

Recommendation – Chapter 331.435 of the Code of Iowa authorizes the Board of Supervisors to adopt a budget amendment in the same manner as the original budget. Such increases or decreases should be made before disbursements are allowed to exceed the budget.

Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the function budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Response – We will more closely monitor the budget and appropriations to make sure the budget is not exceeded and departments do not exceed their appropriations prior to an amendment.

Conclusion – Response accepted.

- IV-B-06 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

- IV-C-06 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

- IV-D-06 Business Transactions - Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Scott Gavin, Asst. Director of Emergency Medical Services	First Aid/CPR Training	\$ 1,331

In accordance with Chapter 331.342(10) of the Code of Iowa, the transactions with the Asst. Director do not appear to represent a conflict of interest since total transactions were less than \$1,500 during the fiscal year.

- IV-E-06 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

- IV-F-06 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

Although minutes of Board proceedings were published, certain minutes were not published within the time period required by Chapter 349.18 of the Code of Iowa.

Recommendation – The County should ensure the minutes are published as required.

Response – Over the last few years the Board of Supervisors had added many “extra” duties to the person taking the minutes and getting them published. The board has hired their own person to do most of these extra duties and now the Auditors office is just taking the minutes and getting them published. They now are being published in a timely manner.

Conclusion – Response accepted.

- IV-G-06 Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.

- IV-H-06 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

- IV-I-06 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2006 for the County Extension Office did not exceed the amount budgeted.

- IV-J-06 Financial Condition – The Special Revenue, Mental Health Fund had a deficit balance of \$8,615 and the Internal Service, Professional Services Fund had deficit unrestricted net assets of \$93,581 at June 30, 2006.

Recommendation – The County should investigate alternatives to eliminate these deficits in order to return these funds to a sound financial position.

Response – We are closely monitoring the Mental Health Fund and will attempt to make sure that the ending fund balance in a positive status. This was the first year for the Professional Services Fund. We will make sure the fund balances needs are met.

Conclusion – Response accepted.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

IV-K-06 Contracts and Grant Agreements – Section 331.301(2) of the Code of Iowa provides “the power of a county is vested in the board of supervisors, and a duty of a county shall be performed by or under the direction of the board.” Also, per section 331.302(1) of the Code of Iowa, a board of supervisors can exercise its power “only by the passage of a motion, a resolution, an amendment or an ordinance.” During our review, we noted contracts entered into by the County Engineer and seven grant agreements entered into by various department heads which had not been formally approved by the Board of Supervisors.

Recommendation – The County should develop policies to require contracts and grant agreements be formally ratified by the board of supervisors.

Response – We will amend our current grant policy to include contracts and provide additional education to all department heads regarding the signature authority of the Board of Supervisors.

Conclusion – Response accepted.

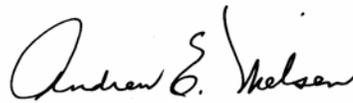
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Dallas County

Staff

This audit was performed by:

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